

Message Text

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PAGE 01 LUXEMB 00944 211124Z
ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 CIAE-00 DODE-00 PM-05 H-02
INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02
SS-15 USIA-15 OMB-01 EB-08 LAB-04 SIL-01 /098 W
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FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC 6059

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USDOC WASHDC

UNCLAS LUXEMBOURG 0944

BRUSSELS ALSO FOR USEEC

PARIS ALSO FOR USOEC

USMISSION GENEVA FOR USMTN

COMMERCE FOR ASSISTANT SECRETARY WEIL

E.O. 11652: NA

TAGS: EIN, EIND, LU

SUBJ: MONSANTO ACCOMPLISHES CUTBACK WITH GOOD WILL AND
MINIMUM JOB LOSS

REF: LUXEMBOURG 626 AND 708

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1. MONSANTO LUXEMBOURG HAS COMPLETED ARRANGEMENTS FOR
A REDUCTION-IN-FORCE AT ITS ECHTERNACH PLANT. AS
REPORTED REFTELS, A RIF WAS DECIDED UPON BY THE COMPANY
AS AN ALTERNATIVE TO CLOSING THE PLANT AND AS A MEANS
OF REDUCING LOSSES PENDING IMPROVED MARKET PROSPECTS.

2. THE NEGOTIATIONS AND SUBSEQUENTLY THE IMPLEMENTATION

OF THE RIF WERE CONDUCTED BY THE COMPANY WITH GOL, LABOR UNION AND EMPLOYEE GROUP PARTICIPATION. DESPITE THE BITTER PILL OF LOSING 196 JOBS -- SIGNIFICANT BY LUXEMBOURG STANDARDS, PARTICULARLY DURING THE PERSISTENT STEEL INDUSTRY CRISIS -- THE OUTCOME WAS GREETED WITH UNDERSTANDING AND RELIEF BY THE PRESS, POLITICAL PARTIES AND LABOR UNION SPOKESMEN. SEVERAL PRESS ARTICLES EMPHASIZED THE 624 JOBS SAVED RATHER THAN THE 196 JOBS LOST. MONSANTO AND ITS LOCAL MANAGEMENT ARE BEING GIVEN CREDIT BY THE PRESS AND LOCAL OFFICIALS FOR SENSITIVITY TO LUXEMBOURG'S SOCIAL POLICY AND LABOR-MANAGEMENT TRADITIONS.

3. ACUTAL JOB REDUCTIONS WERE FEWER THAN ORIGINALLY FEARED. MONSANTO'S SUCCESSFUL EFFORTS TO TRANSFER EMPLOYEES TO OTHER EUROPEAN PLANTS ALONG WITH VOLUNTARY RESIGNATIONS AND EARLY RETIREMENTS FURTHER REDUCED THE NUMBER TO 109 LAYOFFS OUT OF A TOTAL OF 196 POSITIONS ELIMINATED.

4. IN ANOTHER DEVELOPMENT, MONSANTO ANNOUNCED TODAY THE DEC. 31, 1977 CLOSING OF ITS TEXTURED NYLON YARN PLANT AT CRAISHEIM IN WEST GERMANY. THE MARKET FOR THIS PRODUCT HAS ALL BUT COLLAPSED AND PROSPECTS FOR IMPORVEMENT SEEM NIL. THE LINK WITH ECHTERNACH IS THAT THE LUXEMBOURG PLANT SUPPLIED MOST OF THE NYLON FOR UNCLASSIFIED

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TEXTURING TO CRAISHEIM. THE LOSS OF THIS BUSINESS WILL HAVE MINIMAL EFFECT ON THE ECHTERNACH OPERATION, HOWEVER, AS ITS PRODUCTION HAS BEEN SHIFTED TO CONCENTRATE ON MORE SPECIALIZED FIBER TYPES WITH HIGHER GROWTH PROSPECTS. LOWENSTEIN

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